

ASSEMBLY BILL

No. 1055

Introduced by Assembly Member Baker
(Coauthors: Assembly Members Lackey, Linder, and Patterson)

February 26, 2015

An act to add Section 17144.6 to the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 1055, as introduced, Baker. Personal Income Tax Law: exclusion: student loan debt forgiveness: disability and blindness.

The Personal Income Tax Law provides for various exclusions from gross income, including an exclusion for the amount of student loan indebtedness repaid or canceled pursuant to a specified federal law.

This bill would exclude from gross income the amount of student loan debt discharged on or after January 1, 2015, of an eligible individual who was entitled to specified disability benefits or who provides a specified certification of disability with the Franchise Tax Board, as provided.

This bill would take effect immediately as a tax levy.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 17144.6 is added to the Revenue and
- 2 Taxation Code, to read:
- 3 17144.6. (a) Section 108(f)(1) of the Internal Revenue Code
- 4 is modified to additionally provide that in the case of an individual,

gross income does not include any amount that, but for this section, would be includible in gross income by reason of the discharge, in whole or in part, of any student loan if the individual is an eligible individual for the taxable year.

(b) (1) For purposes of this section, an individual is an eligible individual for a taxable year if either of the following apply during the taxable year:

(A) The individual is entitled to benefits based on blindness or disability under Title II or XVI of the federal Social Security Act (42 U.S.C.).

(B) The individual files a disability certification with the Franchise Tax Board.

(2) For purposes of this section, the term “disability certification” means, with respect to an individual, a certification to the satisfaction of the Franchise Tax Board by the individual or the parent or guardian of the individual that provides both of the following:

(A) That the individual has a medically determinable physical or mental impairment that results in marked and severe functional limitations that can be expected to result in death, a medically determinable physical or mental impairment that has lasted for a continuous period of not less than 12 months, or is blind, within the meaning of Section 1614(a)(2) of the federal Social Security Act (42 U.S.C. Sec. 1382c(a)(2)).

(B) A copy of the individual’s diagnosis relating to the individual’s relevant impairment signed by a physician meeting the criteria of Section 1861(r)(1) of the federal Social Security Act (42 U.S.C. Sec. 1395x(r)(1)).

(c) This section shall apply to discharges of indebtedness occurring on or after January 1, 2015.

SEC. 2. This act provides for a tax levy within the meaning of Article IV of the Constitution and shall go into immediate effect.